

**LOUISIANA IMMERSIVE TECHNOLOGIES  
ENTERPRISE COMMISSION**

**FINANCIAL REPORT**

**JUNE 30, 2011**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date SEP 28 2011

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Herbert Lemoine II, CPA 2008

**INDEPENDENT AUDITORS' REPORT**

To the Board of Commissioners  
Louisiana Immersive Technologies  
Enterprise Commission  
Lafayette, Louisiana

We have audited the accompanying basic financial statements of the Louisiana Immersive Technologies Enterprise Commission, as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the Louisiana Immersive Technologies Enterprise Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Immersive Technologies Enterprise Commission, as of June 30, 2011, and the change in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Members of American Institute of  
Certified Public Accountants  
Society of Louisiana Certified  
Public Accountants*

\* A Professional Accounting Corporation

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2011, on our consideration of the Louisiana Immersive Technologies Enterprise Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Broussard, Roche, Lewis & Breamp LLP*

Lafayette, Louisiana  
August 30, 2011

## LOUISIANA IMMERSIVE TECHNOLOGIES ENTERPRISE

### MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Louisiana Immersive Technologies Enterprise Commission's (the "LITE") financial performance provides an overview of the financial activities for the year ended June 30, 2011. Please read it in conjunction with LITE's financial statements, which begin on page 7.

#### I. FINANCIAL HIGHLIGHTS

LITE's net assets decreased by \$2,892,401 or 10.8% as a result of this year's operations.

LITE's operating revenues were \$495,558 for the year ended June 30, 2011, compared to \$439,981 for the year ended June 30, 2010, an increase of 12.6%.

Funding provided by the State and other grantors was \$2,619,511 for the year ended June 30, 2011, compared to \$4,298,110 the previous year, a decrease of \$1,678,599 or 39%, largely due to a decrease in capital outlay funding.

Total operating expenses during the year ending June 30, 2011 were \$6,012,594, compared to \$6,452,089 during the year ending June 30, 2010, a decrease of \$439,495 or 6.8%

#### II. USING THIS ANNUAL REPORT

Our analysis of LITE begins on page 3. One of the most important questions asked about LITE's finances is, "Is LITE better off or worse off as a result of the year's activities?" The statement of net assets and the statement of changes in revenues, expenses, and changes in net assets report information about LITE and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report LITE's net assets and the changes in them. These net assets, the difference between the assets and the liabilities, is one way to measure LITE's financial position or financial health. Over time, increases or decreases in LITE's net assets are one indicator of whether its financial health is improving or deteriorating.

Another measure of LITE's financial health is the in kind services as documented by the expenses and reduced revenue in support of business development (Pixel Magic, Global Data Systems, Opportunity Machine), university research and development (UL Lafayette CAVE, Picard Center for Child Development and Lifelong Learning) and internal innovation investments (medical technology visualization, LEDA downtown project, transportation development), as well as use of facilities to support the arts, science and engineering, and economic development activities in the community.

In accordance with Government Accounting Standards, both government-wide and fund financial statements are typically presented. However, because LITE's activities are considered business-type activities, the statements in both presentations are identical. As a result, only one set of financial statements is presented.

## II. CONDENSED FINANCIAL STATEMENTS

The following table reflects the condensed statement of net assets for 2011, with comparative figures from 2010.

**TABLE I**  
**CONDENSED STATEMENT OF NET ASSETS**  
**JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
ASSETS:		
Current assets	\$ 1,124,584	\$ 1,309,083
Capital assets, net	<u>22,820,611</u>	<u>25,643,549</u>
Total assets	<u>\$23,945,195</u>	<u>\$26,952,632</u>
 Current liabilities	 \$ 169,804	 \$ 284,840
Net assets:		
Invested in capital assets	\$22,820,611	\$25,643,549
Unrestricted	<u>954,780</u>	<u>1,024,243</u>
Total net assets	<u>\$23,775,391</u>	<u>\$26,667,792</u>
Total liabilities and net assets	<u>\$23,945,195</u>	<u>\$26,952,632</u>

The following table provides a summary of the statement of revenues, expenses, and change in net assets for the year ended June 30, 2011, with comparative figures from 2010:

**TABLE II**  
**CONDENSED STATEMENT OF REVENUES,**  
**EXPENSES AND CHANGE IN NET ASSETS**  
**FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
Operating revenues	\$ 495,558	\$ 439,981
Operating expenses	<u>6,012,594</u>	<u>6,452,089</u>
Operating loss	\$(5,517,036)	\$(6,012,108)
Nonoperating revenues	<u>2,624,635</u>	<u>4,303,753</u>
Change in net assets	\$(2,892,401)	\$(1,708,355)
Net assets, beginning	<u>26,667,792</u>	<u>28,376,147</u>
Net assets, ending	<u>\$23,775,391</u>	<u>\$26,667,792</u>

During the fiscal year ended June 30, 2011, funding provided by the State and other grantors decreased by \$1,678,599 or approximately 39% compared to 2010.

Operating expenses, excluding depreciation expense of \$3,032,855 and \$2,954,758 at June 30, 2011 and 2010, respectively, decreased by \$517,592 or approximately 14.8%.

### III. CAPITAL ASSETS

At June 30, 2011, LITE had \$22,860,611 invested in capital assets. This amount represents a net decrease of \$2,822,938 from last year. This decrease is largely due to depreciation expense being taken on recent additions.

### IV. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

In creating the budget for the fiscal year ended June 30, 2012, management considered many factors. One of the most critical is another anticipated reduction in state revenues similar to the 2010 fiscal report. This will be balanced with emphasis on increasing operational revenues and reducing operating expenses. Next year's budget will also include increased capital outlay revenue to support net assets of the LITE facility.

V. CONTACTING THE LITE'S MANAGEMENT

Our financial report is designed to provide government agencies and the general public an overview of the LITE's finances and to demonstrate accountability for the money that it receives. If you have any questions about this report or wish to ask for more information, you should contact Monica Laverne, the LITE's Chief Operating Officer, at the LITE's main office located at 537 Cajundome Blvd., Lafayette, LA, 70506 or by phone at (337) 735-5483.



LOUISIANA IMMERSIVE TECHNOLOGIES  
ENTERPRISE COMMISSION

STATEMENT OF NET ASSETS

June 30, 2011

ASSETS	
CURRENT ASSETS	
Cash	\$ 894,354
Accounts receivable	1,539
Due from other governmental agencies	135,042
Prepaid expenses	<u>93,649</u>
Total current assets	<u>\$ 1,124,584</u>
CAPITAL ASSETS	
Non-depreciable	\$ 44,012
Depreciable, net	<u>22,776,599</u>
Total capital assets	<u>\$22,820,611</u>
Total assets	<u><u>\$23,945,195</u></u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable and accrued expenses	\$ 124,523
Deferred revenue	7,427
Compensated absences	<u>37,854</u>
Total current liabilities	<u>\$ 169,804</u>
NET ASSETS	
Invested in capital assets	\$22,820,611
Unrestricted	<u>954,780</u>
Total net assets	<u>\$23,775,391</u>
Total liabilities and net assets	<u><u>\$23,945,195</u></u>

See Notes to Financial Statements.

LOUISIANA IMMERSIVE TECHNOLOGIES  
ENTERPRISE COMMISSION

STATEMENT OF REVENUES, EXPENSES AND  
CHANGE IN NET ASSETS  
Year Ended June 30, 2011

Operating revenues:	
Lease revenue	\$ 361,166
Project revenue	113,131
Venue usage revenue	13,877
Miscellaneous	<u>7,384</u>
Total operating revenues	<u>\$ 495,558</u>
Operating expenses:	
Salaries and employee benefits	\$ 1,803,927
Accounting and auditing	12,176
Business development	9,740
Depreciation expense	3,032,855
Insurance	53,188
Internet	24,600
Legal	37,656
Legal notices	2,856
Marketing and advertising	4,582
Outside services	52,280
Pest control	2,844
Professional development	17,703
Repairs and maintenance	371,470
Supplies	36,380
Technology expense	94,603
Telephone	23,541
Travel	2,482
Utilities	420,655
Waste disposal	6,380
Other	<u>2,676</u>
Total operating expenses	<u>\$ 6,012,594</u>
Operating loss	<u>\$ (5,517,036)</u>
Nonoperating revenues:	
Funding provided by State of Louisiana -	
University of Louisiana at Lafayette	\$ 2,504,269
Department of Economic Development	115,242
Interest income	<u>5,124</u>
	<u>\$ 2,624,635</u>
Change in net assets	\$ (2,892,401)
Net assets, beginning	<u>26,667,792</u>
Net assets, ending	<u>\$23,775,391</u>
See Notes to Financial Statements.	

LOUISIANA IMMERSIVE TECHNOLOGIES  
ENTERPRISE COMMISSION

STATEMENT OF CASH FLOWS  
Year Ended June 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from lessees, venue usage and projects	\$ 487,569
Payments to suppliers for goods and services	(1,134,021)
Payments to employees and for employee related costs	(1,801,407)
Other receipts	<u>7,384</u>
Net cash used in operating activities	<u>\$ (2,440,475)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Intergovernmental funding	<u>\$ 2,688,580</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	\$ (378,432)
Intergovernmental funding	<u>545,851</u>
Net cash provided by capital and related financing activities	<u>\$ 167,419</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	<u>\$ 5,124</u>
Net increase in cash	\$ 420,648
Cash, beginning of year	<u>473,706</u>
Cash, end of year	<u>\$ 894,354</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
Operating loss	\$ (5,517,036)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	3,032,855
Change in assets and liabilities -	
Decrease in receivables	43,953
Increase in prepaid expenses	(53,726)
Increase in accounts payable and accrued expenses	95,517
Decrease in deferred revenue	(44,558)
Increase in compensated absences	<u>2,520</u>
Net cash used in operating activities	<u>\$ (2,440,475)</u>

See Notes to Financial Statements.

LOUISIANA IMMERSIVE TECHNOLOGIES  
ENTERPRISE COMMISSION

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The financial statements of the Louisiana Immersive Technologies Enterprise Commission ( the "LITE") have been prepared in accordance with generally accepted accounting principles in the United States of America (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements for both the business-type activities and enterprise fund financial statements. Although LITE has the option to apply FASB pronouncements issued after that date, they have chosen not to do so. The more significant of LITE's accounting policies are described below.

Reporting entity:

A financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Primary government:

LITE is a political subdivision of the State of Louisiana, created pursuant to Louisiana Revised Statutes 51:2101 and 51:2102. LITE came into existence on June 23, 2006 with the signing of Act 624. LITE serves the state by furthering education in immersive technologies, engaging in collaborative research involving immersive technologies, and by furthering the economic development of business and industries utilizing immersive technologies. LITE is governed by a Board of Commissioners, composed of seven persons appointed by the Secretary of the Louisiana Department of Economic Development, the Chairman of the Board of the Lafayette Economic Development Authority, and the President of the University of Louisiana at Lafayette.

## NOTES TO FINANCIAL STATEMENTS

### Component units:

Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity," establishes criteria for determining which entities should be considered a component unit and, as such, part of the reporting entity for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.
2. Whether the primary government's governing authority appoints a majority of board members of the potential component unit.
3. Fiscal interdependency between the primary government and the potential component unit.
4. Imposition of will by the primary government on the potential component unit.
5. Financial benefit/burden relationship between the primary government and the potential component unit.

Based on the above criteria, there are no organizations or agencies which should be included in the basic financial statements as component units.

### Basis of presentation:

LITE's basic financial statements consist of its Enterprise Fund's financial statements which report the business type activities of the entity. The statements are prepared in accordance with accounting principles generally accepted in the United State of America as applied to governmental units.

Because LITE operates as a business type entity, presentation of separate government-wide and fund financial statements would be redundant (the two are identical); thus, LITE has presented one set of basic financial statements.

LITE considers lease, venue usage and project revenues to be operating revenues, while revenues derived from intergovernmental agreements, grants and other similar funding arrangements to be non-operating revenues.

## NOTES TO FINANCIAL STATEMENTS

### Basis of accounting:

The basic financial statements presented are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which LITE gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

### Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### Cash and cash equivalents:

Cash includes amounts in demand deposits and on hand. For purposes of reporting cash flows, LITE considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. LITE had no cash equivalents at June 30, 2011.

### Custodial credit risk:

LITE is exposed to custodial credit risk as it relates to their deposits with financial institutions. LITE's policy to ensure there is no exposure to this risk is to require each financial institution to pledge their own securities to cover any amount in excess of Federal Depository Insurance Coverage. These securities must be held in LITE's name. Accordingly, LITE had no custodial credit risk related to its deposits at June 30, 2011.

### Capital assets:

LITE's property, plant, and equipment (fixed assets) with useful lives of more than one year are stated at historical cost or estimated historical cost for assets where actual historical cost or estimated historical cost for assets where actual historical cost is not available and reported in the financial statements as capital assets. LITE maintains a capitalization threshold level of \$5,000 for software licenses and \$1,000 for all other fixed asset purchases. The costs of normal repairs and maintenance that do not add to the value of an asset or materially extend asset useful lives are not capitalized. Depreciation of all exhaustible fixed assets is recorded as an expense in the statement of revenues, expenses, and changes in net assets, with

## NOTES TO FINANCIAL STATEMENTS

accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

	<u>Years</u>
Land improvements	30
Buildings and improvements	10 - 30
Equipment	5 - 7
Computer hardware	5
Software	3

### Equity classifications:

Equity is classified as net assets and displayed in three components: (1) invested in capital assets, net of related debt - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, (2) restricted net assets - consists of net assets with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (b) law through constitutional provisions or enabling legislation, and (3) unrestricted net assets - all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

### Compensated absences:

Employees earn a set amount of vacation leave each year depending on years of service. Vacation leave may be carried forward from year to year, with the accumulated total not exceeding thirty days. Upon termination of employment with LITE, employees are paid for unused vacation time that has been earned through the last day of work. As such, a provision for this has been made in the financial statements.

Employees also earn sick leave at a rate of one day per month. Sick leave may be carried forward from year to year, with the accumulated total not exceeding twelve working days. When employment with LITE is severed, either voluntarily or involuntarily, all accrued sick time is forfeited and is not compensated in the form of cash or any other benefit.

# NOTES TO FINANCIAL STATEMENTS

## Note 2. Due From Other Governmental Agencies

Due from other governmental agencies at June 30, 2011 consist of the following:

State of Louisiana	\$ 115,042
University of Louisiana at Lafayette	<u>20,000</u>
	<u>\$ 135,042</u>

## Note 3. Capital Assets and Depreciation

Capital asset activity for the year ended June 30, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Construction in progress	<u>\$ 678,931</u>	<u>\$ 119,449</u>	<u>\$ (754,368)</u>	<u>\$ 44,012</u>
Capital assets being depreciated:				
Land improvements	\$ 8,618	\$ -	\$ -	\$ 8,618
Building	15,717,705	-	-	15,717,705
Building improvements	263,353	754,368	-	1,017,721
Equipment	9,969,028	19,498	-	9,988,526
Computer hardware	1,751,973	55,786	-	1,807,759
Software	<u>430,466</u>	<u>15,184</u>	<u>-</u>	<u>445,650</u>
	<u>\$28,141,143</u>	<u>\$ 844,836</u>	<u>\$ -0-</u>	<u>\$28,985,979</u>
Less accumulated depreciation for:				
Land improvements	\$ -	\$ (287)	\$ -	\$ (287)
Building	(523,923)	(523,923)	-	(1,047,846)
Building improvements	(4,115)	(28,554)	-	(32,669)
Equipment	(1,995,556)	(1,990,594)	-	(3,986,150)
Computer hardware	(399,244)	(351,324)	-	(750,568)
Software	<u>(253,687)</u>	<u>(138,173)</u>	<u>-</u>	<u>(391,860)</u>
	<u>\$ (3,176,525)</u>	<u>\$ (3,032,855)</u>	<u>\$ -0-</u>	<u>\$ (6,209,380)</u>

(continued)



# NOTES TO FINANCIAL STATEMENTS

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Total capital assets being depreciated, net	\$24,964,618	\$ (2,188,019)	\$ -0-	\$22,776,599
Capital assets, net	<u>\$25,643,549</u>	<u>\$ (2,068,570)</u>	<u>\$ (754,368)</u>	<u>\$22,820,611</u>

Depreciation expenses for the year ended June 30, 2011 was \$3,032,855.

## Note 4. Economic Dependency

Operating funds transferred from the University of Louisiana at Lafayette for the year ended June 30, 2011 totaled \$2,504,269, or 80% of overall revenue.

## Note 5. Lease Agreements

LITE leases office space within its facility to several private companies. These office spaces are rented at fair market value rates. Lease terms vary depending on each tenant's needs. Future minimum rental payments to be received on these operating leases are summarized below:

<u>Year Ending June 30,</u>	
2012	\$ 191,730
2013	<u>25,000</u>
	<u>\$ 216,730</u>

## Note 6. Lease of Property

LITE's facilities are located on property leased from the University of Louisiana at Lafayette. The lease is for an unspecified period of time and there is no rental expense associated with the lease.

## Note 7. Retirement Plan

LITE administers a 457 defined contribution plan to provide retirement benefits for its employees. Trustees of the trust established as part of this plan are the Chief Executive Officer and the Executive Committee of the Board of Commissioners. LITE may amend the plan at any time by notification to employees in writing. Employees are eligible to become a participant in the plan on the first day of the month following the date

## NOTES TO FINANCIAL STATEMENTS

he or she reaches age 21 and completes six consecutive calendar months of employment at LITE. Employees may choose to contribute any amount of compensation to the plan, up to the maximum amount allowed by law. LITE matches employee contributions up to 5% of the employee's compensation. LITE's matching contributions for the year ended June 30, 2011 were \$46,305.

### Note 8. Risk Management

LITE is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. LITE purchases commercial insurance to cover any claims related to these risks.

### Note 9. Contingencies

In the normal course of operations, LITE receives grant funds from various state agencies. The grants are subject to audits by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement that may arise as a result of these audits is not believed to be material.



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*Members of American Institute of  
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Society of Louisiana Certified  
Public Accountants*

\* A Professional Accounting Corporation

**REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners  
Louisiana Immersive Technologies  
Enterprise Commission  
Lafayette, Louisiana

We have audited the basic financial statements of the Louisiana Immersive Technologies Enterprise Commission, as of and for the year ended June 30, 2011, and have issued our report thereon dated August 30, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered LITE's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of LITE's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of LITE's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of LITE's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses at #2011-1 to be a material weakness.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses, and, therefore, there can be no assurance that all such deficiencies have been identified.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether LITE's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards* and which is described in the accompanying schedule of findings and responses as item #2011-2.

LITE's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit LITE's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Commissioners, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Broussard, Poché, Lewis & Breau LLP.*

Lafayette, Louisiana  
August 30, 2011

LOUISIANA IMMERSIVE TECHNOLOGIES  
ENTERPRISE COMMISSION

SCHEDULE OF FINDINGS AND RESPONSES  
Year Ended June 30, 2011

We have audited the basic financial statements of the Louisiana Immersive Technologies Enterprise Commission as of and for the year ended June 30, 2011, and have issued our report thereon dated August 30, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2011, resulted in unqualified opinions.

Section I. Summary of Auditors' Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses ☒ Yes ☐ No

Control deficiencies identified  
that are not considered to be  
material weakness(es) ☐ Yes ☒ None reported

Compliance

Compliance material to financial statements ☒ Yes ☐ No

Section II. Financial Statement Findings

#2011-1 Segregation of Duties

Finding: LITE does not have an adequate segregation of duties in the administrative office. A system of internal control procedures contemplates a segregation of duties so that no one individual handles a transaction from its inception to its completion. One individual prepares deposit slips, enters deposits into the accounting system, and reconciles the cash account. The same individual is involved in the accounts payable function, having the ability to print checks, and in the payroll function, having access to the online payroll system and the ability to approve payroll. While we recognize that LITE may not be a large enough entity to permit an adequate segregation of duties for an effective system of internal control procedures, it is important that you be aware of this condition.

Recommendation: Keeping in mind the limited number of employees to which duties can be assigned, LITE should monitor assignment of duties to assure as much segregation of duties and responsibility as possible.

Response: We have segregated duties as much as possible with the resources available. We will monitor the situation.

#### **#2011-2 Cooperative Endeavor Agreement**

Finding: LITE participated in a project authorized by the interim CEO with the University of Louisiana at Lafayette to produce a visualization product. LITE incurred expenditures in the amount of \$25,894 on the project. LITE recorded revenue in the amount of \$20,000 due from the University related to this project. As of year end, the funds had not been remitted to LITE. Upon further investigation it was noted that the Cooperative Endeavor Agreement with the University requires that a letter of agreement be signed by the University and LITE before funds can be transferred from the University to LITE. A letter of agreement had not been signed for this project as of year end. Subsequent to year end, a letter of agreement has been drafted. Upon signing of the letter of agreement, LITE will be sending another invoice to the University requesting the funds be remitted to LITE.

Recommendation: In the future, such projects should not be undertaken by LITE until a letter of agreement is signed by both parties and the Cooperative Endeavor Agreement is complied with.

Response: We will comply with the Cooperative Endeavor Agreement.

LOUISIANA IMMERSIVE TECHNOLOGIES  
ENTERPRISE COMMISSION

SCHEDULE OF PRIOR FINDINGS  
Year Ended June 30, 2011

Section I. Internal Control and Compliance Material to the Financial Statements

**#2010-1 Credit Card Purchases**

Recommendation: Written policies and procedures for use of the government's credit cards should be developed and detailed receipts should be maintained for all credit card purchases.

Current Status: This finding is resolved.

**#2010-2 Capital Asset Tracking System**

Recommendation: A system of tracking capital assets should be implemented. Capital asset records should include a description of the asset, year of acquisition, method of acquisition, funding source, cost or estimated cost, salvage value, and the estimated useful life.

Current Status: This finding is resolved.

**#2010-3 Payroll and Attendance Records**

Recommendation: Policies and procedures that require all LITE personnel to prepare and file time/attendance reports should be implemented. The reports should be reviewed and approved and the approval documented.

Current Status: This finding is resolved.

Section II. Internal Control and Compliance Material to Federal Awards

Not applicable.

Section III. Management Letter

There were no matters reported in a separate management letter for the year ended June 30, 2010.